

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MacNEIL AUTOMOTIVE PRODUCTS
LIMITED d/b/a WEATHERTECH; and
MacNEIL IP LLC,

Plaintiffs,

v.

JINRONG (SH) AUTOMOTIVE
ACCESSORY DEVELOPMENT CO.,
LTD.; and RUI DAI,

Defendants.

C20-856 TSZ

ORDER

THIS MATTER comes before the Court on (i) a motion for summary judgment, docket no. 91, brought by defendant Jinrong (SH) Automotive Accessory Development Co., Ltd. (“Jinrong”); (ii) a motion for sanctions, including judgment against Jinrong, docket no. 125, brought by plaintiffs MacNeil Automotive Products Limited d/b/a/ WeatherTech (“WeatherTech”) and MacNeil IP LLC; (iii) Jinrong’s motion for leave to amend its answer, docket no. 133; and (iv) plaintiffs’ motion for leave to take additional depositions, docket no. 148. Each side also moves to strike certain materials filed by the opposition. Having reviewed all papers filed in support of, and in opposition to, the various motions, the Court enters the following order.

Background

MacNeil IP LLC owns U.S. Patent Nos. 8,382,186 (the “’186 Patent”) and 8,833,834 (the “’834 Patent”). Am. Compl. at ¶¶ 8 & 10 (docket no. 33). WeatherTech

1 is the exclusive licensee of the '186 and '834 Patents. Id. The '186 Patent discloses a
2 vehicle floor tray that is thermoformed from a polymer sheet of substantially uniform
3 thickness. Abstract of '186 Patent, Ex. 1 to Am. Compl. (docket no. 33-1). The
4 '834 Patent similarly discloses a vehicle floor tray, but one that is molded (instead of
5 thermoformed) from a sheet of polymeric material of substantially uniform thickness.
6 Abstract of '834 Patent, Ex. 2 to Am. Compl. (docket no. 33-1). WeatherTech
7 manufactures and distributes vehicle floor mats throughout the United States. See Am.
8 Compl. at ¶ 7 (docket no. 33).

9 In April 2019, WeatherTech and MacNeil IP LLC (collectively, "MacNeil")
10 commenced this infringement action in the Northern District of Illinois against Jinrong
11 and Rui Dai, see Compl. (docket no. 1); Rui Dai has not yet appeared in this matter. In
12 January 2020, Jinrong moved for dismissal based on a lack of personal jurisdiction. See
13 Def.'s Mot. (docket no. 34). On May 13, 2020, Jinrong filed a responsive pleading
14 admitting that the Northern District of Illinois had subject matter jurisdiction and stating
15 that Jinrong did not contest personal jurisdiction. Answer to ¶ 5 (docket no. 59). On the
16 same day, Jinrong withdrew its motion challenging personal jurisdiction and moved to
17 transfer venue, citing as grounds its relationship with Yita LLC, its "exclusive retailer,"
18 which is a defendant in another infringement action brought by MacNeil, which had
19 already been transferred to this district. See Def.'s Mot. (docket no. 60); Def.'s Memo.
20 (docket no. 62). In June 2020, MacNeil and Jinrong filed a stipulation to transfer venue
21 to this district. See Jt. Stip. (docket no. 65). In connection with this stipulation, Jinrong
22 agreed (i) "not to object to personal jurisdiction," and (ii) the Western District of
23 Washington "is a proper forum." See Ex. 1 to Schaum Decl. (docket no. 165-1). The

1 case was transferred on June 3, 2020. See Minute Entry (docket no. 66); Transfer Letter
2 (docket no. 67).

3 In July 2020, Jinrong sought to stay this matter pending determination of four inter
4 partes review (“IPR”) proceedings pending before the U.S. Patent and Trademark Office,
5 Patent Trial and Appeal Board (“PTAB”) involving MacNeil IP LLC and Yita LLC.¹ See
6 Def.’s Mot. (docket no. 71). The motion was denied because Jinrong is not a party to the
7 IPR proceedings. See Minute Order at ¶ 2 (docket no. 74). Jinrong’s subsequent motion
8 for reconsideration, docket no. 75, and renewed motion to stay, docket no. 108, were also
9 denied. See Minute Order at ¶ 1 (docket no. 87); Minute Order at ¶ 1 (docket no. 115).

10 After reviewing the parties’ Joint Status Report, docket no. 86, which indicated
11 Jinrong anticipated filing a dispositive motion asserting that the accused infringement is
12 beyond the territorial scope of United States patent law, the Court set a deadline for filing
13 such motion. See Minute Order at ¶ 2 (docket no. 87). Jinrong timely filed a motion for
14 summary judgment, docket no. 91, but the Court’s consideration of the motion was
15 delayed while the parties engaged in “jurisdictional” discovery and the Court resolved
16 their related disputes. See Minute Order (docket no. 103); Minute Order (docket
17 no. 120). Jinrong’s motion for summary judgment is now fully briefed. MacNeil not
18 only opposes Jinrong’s motion for summary judgment, it seeks sanctions against Jinrong
19

20
21 ¹ The PTAB has since denied institution of two IPR matters, see Yita LLC v. MacNeil IP LLC,
22 No. IPR2020-01138, 2021 WL 129365 (PTAB Jan. 13, 2021) (’186 Patent); Yita LLC v.
23 MacNeil IP LLC, No. IPR2020-001140, 2021 WL 130464 (PTAB Jan. 13, 2021) (’834 Patent),
but it has instituted trial with respect to the two other IPR petitions, Yita LLC v. MacNeil IP LLC,
No. IPR2020-001139, 2021 WL 130633 (PTAB Jan. 13, 2021) (’186 Patent); Yita LLC v.
MacNeil IP LLC, No. IPR202-001142, 2021 WL 136195 (PTAB Jan. 13, 2021) (’834 Patent).

1 for allegedly making false representations to the Court, spoliating evidence, and
2 otherwise failing to comply with discovery obligations. Jinrong responds that MacNeil
3 lacks admissible evidence for its assertions and moves to strike certain materials on
4 hearsay grounds. Before turning to the parties' respective accusations and motions to
5 strike, the Court must first assess its jurisdiction.

6 **Discussion**

7 **A. Jurisdiction**

8 As measured under the "well-pleaded complaint" rule, subject matter jurisdiction
9 exists if the operative pleading establishes that either (i) federal patent law creates the
10 cause of action set forth therein, or (ii) the plaintiff's right to relief "necessarily depends
11 on resolution of a substantial question of federal patent law." *Litecubes, LLC v. N. Light*
12 *Prods., Inc.*, 523 F.3d 1353, 1360 (Fed. Cir. 2008). Subject matter jurisdiction does not
13 fail simply because the plaintiff might not be able to, or does not, succeed on the merits.

14 Id.

15 The Patent Act imposes liability for making, using, offering to sell, or selling any
16 patented invention, without authority, *within the United States*, or importing any patented
17 invention, without authority, into the United States. 35 U.S.C. § 271(a). The territorial
18 scope set forth in § 271(a) is *not* jurisdictional, but rather an element of a claim for
19 infringement. *See Litecubes*, 523 F.3d at 1360-66. In other words, this Court has subject
20 matter jurisdiction to preside over a dispute concerning whether the acts of infringement
21 defined in § 271(a), one or more of which a defendant is alleged to have performed,
22 occurred within the United States.

1 The Patent Act also prohibits actively inducing the infringement of a patent. 35
2 U.S.C. § 271(b). In contrast to § 271(a), § 271(b) has no territorial bounds, and an entity
3 may be liable for inducement even if its conduct occurred outside the United States. See
4 Merial Ltd. v. Cipla Ltd., 681 F.3d 1283, 1302-03 (Fed. Cir. 2012) (concluding that,
5 when “a foreign party, with the requisite knowledge and intent, employs extraterritorial
6 means to actively induce acts of direct infringement that occur within the United States,
7 such conduct is not categorically exempt from redress under § 271(b)”); Semcon IP
8 Inc. v. Kyocera Corp., No. 2:18-CV-197, 2019 WL 1979930, at *3 (E.D. Tex. May 3,
9 2019) (observing that “[a] claim for indirect infringement has no territorial requirement”).

10 To the extent Jinrong contends that the Court does not have subject matter
11 jurisdiction because the alleged infringement and/or inducement happened in China or
12 otherwise outside the boundaries of the United States, such argument lacks merit;
13 regardless of whether MacNeil can prove the elements of its patent infringement claims,
14 the Court has “federal question” subject matter jurisdiction. In addition, to the extent
15 Jinrong, which is a Chinese company with a place of business in Shanghai, see Am.
16 Compl. at ¶ 3 (docket no. 33); Answer to ¶ 3 (docket no. 59), challenges the existence of
17 personal jurisdiction, it has waived such defense. See Answer to ¶ 5 (docket no. 59)
18 (“Jinrong does not contest personal jurisdiction”); Ex. 1 to Schaum Decl. (docket
19 no. 165-1); see also Rates Tech. Inc. v. Nortel Networks Corp., 399 F.3d 1302, 1307
20 (Fed. Cir. 2005) (observing that the law of the Federal Circuit, not the regional circuit,
21 governs issues of personal jurisdiction in a patent infringement case, and that, because the
22 requirement of personal jurisdiction is “an individual right, it can, like other such rights,
23 be waived”). The Court has both subject matter and personal jurisdiction in this matter.

1 **B. Amendment of Jinrong's Answer**

2 In its responsive pleading, Jinrong admitted that it

3 designs, develops, and manufactures floor mats *including the floor mats*
4 *accused of infringement in this case*. . . . [and] *designs* and manufactures
5 floormats for the U.S. market, including the floormats accused of
infringement in this case.

6 Answer to ¶ 3 (docket no. 59) (emphasis added). In responding to Jinrong's summary
7 judgment motion and seeking sanctions against Jinrong, MacNeil quoted these
8 concessions. *See* Plas.' Mot. at 4 (docket no. 125). About two weeks later, Jinrong
9 sought to amend its answer to read:

10 Jinrong admits that it designs, develops, and manufactures floor mats.
11 Jinrong admits that it manufactures floormats for the U.S. market, including
the floormats accused of infringement in this case.

12 Ex. A to Walters Decl. (docket no. 135 at 6-7); *see id.* (docket no. 135 at 10-11)
13 (proposing to also delete references to the allegedly infringing products and any design
14 efforts in response to ¶ 12 of the Amended Complaint). Jinrong attributes the alleged
15 "errors" in its original responsive pleading to language or translation issues.

16 Given the liberal standard for revising pleadings, *see* Fed. R. Civ. P. 15(a)(2)
17 (indicating that leave to amend should be given "freely" when "justice so requires"),
18 MacNeil has not opposed amendment of Jinrong's answer, but MacNeil contends that
19 Jinrong's motion for leave to amend would be moot if the Court were to enter default
20 judgment against Jinrong, as MacNeil has requested. This argument puts the proverbial
21 cart before the horse. The Court will permit Jinrong to amend its responsive pleading,
22 but the Court will consider Jinrong's original answer in ruling on its motion for summary
23

1 judgment. Moreover, the original responsive pleading will be admissible at trial as a
2 prior inconsistent statement or a statement of a party. See Fed. R. Evid. 613 & 801(d)(2).

3 **C. Seeking Judgment**

4 Both sides seek judgment (Jinrong moves for summary judgment, while MacNeil
5 requests default judgment as a sanction), but neither side has made the requisite showing.
6 MacNeil has, however, demonstrated grounds for imposing non-dispositive sanctions
7 against Jinrong.

8 **1. Jinrong's Motion for Summary Judgment**

9 In moving for summary judgment, Jinrong bears the burden of establishing the
10 absence of a genuine issue of material fact and entitlement to judgment as a matter of
11 law. See Fed. R. Civ. P. 56(a); Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986).
12 Jinrong has not met this burden. In response to Jinrong's motion for summary judgment,
13 MacNeil could have rested on Jinrong's admissions in its original answer that, to the
14 extent the patents-in-suit "read on" the accused vehicle floor mats (an issue not contested
15 in Jinrong's pending dispositive motion), Jinrong would be liable based on having
16 designed infringing products for export to the United States. The Court concludes that,
17 given the concessions in Jinrong's responsive pleading, MacNeil was not required to
18 proffer evidence that Jinrong designs the allegedly infringing goods for export to the
19 United States, and that denial of Jinrong's summary judgment motion can be premised
20 solely on Jinrong's currently operative answer. MacNeil, however, has done much more
21 than rely on Jinrong's responsive pleading, instead offering "affirmative evidence,"
22 which "is to be believed" and from which all "justifiable inferences" must be drawn in
23 MacNeil's favor. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255, 257 (1986).

The factual disputes raised by MacNeil's submissions, which are summarized in the next few paragraphs, also preclude summary judgment.

Jinrong has taken the position that, if any acts of direct infringement cognizable under U.S. patent law have occurred, Shanghai Shengtian Industrial Development Company, Ltd. ("Shengtian") is responsible,² and that Jinrong cannot be held liable for indirect infringement because it did not knowingly induce a third party to infringe the patents-in-suit.³ MacNeil responds to Jinrong's attempt to pass the blame to Shengtian by providing the following information. Jinrong and Shengtian were previously owned by the same individuals, namely Chao ("Kevin") Lin, Jinguo Lin, and Juan Zhu. See Def.'s Resp. to Request for Admission Nos. 4 & 6, Ex. 3 to Schaum Decl. (docket

² Jinrong has indicated in response to certain discovery requests that it did not design the accused products and that "the manufacturing of all accused products is based on specifications provided by Shengtian." Resp. to Interrog. No. 9, Ex. 3 to Schaum Decl. (docket no. 126-3). Jinrong has also represented that listings under Jinrong's name of the accused products on Alibaba.com, an online wholesale marketplace, were created by an employee of Shengtian. Resp. to Interrog. No. 3 (docket no. 126-3); see also Ex. 3 to Am. Compl. (docket no. 33-1) (sample Alibaba.com listings). According to Jinrong, Shengtian sells to a third party in China certain vehicle floor mats branded as YITA MOTOR and OEDRO, which are then distributed by Yita LLC in the United States. See Resp. to Interrog. No. 18 (docket no. 126-3). Shengtian previously sold floor trays, which were manufactured by Jinrong and branded as PERFIT (or PERFIT LINER), to a third party in China who exported them to the United States for distribution by Titanium Plus Autoparts, Inc. ("Titanium"). See Resp. to Interrog. No. 17 (docket no. 126-3). Jinrong denies having any direct business dealings with either Yita LLC or Titanium relating to the accused products, and has stated that it merely delivers packaged parts (with packaging and printed inserts supplied by Shengtian) to other parties in China pursuant to Shengtian's instructions. See Resp. to Interrog. Nos. 9, 17, & 18 (docket no. 126-3); see also Wei Dep. at 37:6-20, Ex. 10 to Schaum Decl. (docket no. 165-10) (indicating that Jinrong sold products to Shengtian, which then sold them to Titanium and Yita).

³ "To prove inducement of infringement, the patentee must show that the accused inducer took an affirmative act to encourage infringement with the knowledge that the induced acts constitute patent infringement." *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, 843 F.3d 1315, 1332 (Fed. Cir. 2016).

no. 126-3). Jinguo Lin and Juan Zhu are Kevin Lin's father and mother, respectively; Kevin Lin recently changed his name to Hanming Lin. See J. Lin Dep. at 17:23-18:6, 19:15-20, 86:16-20, Ex. 4 to Schaum Decl. (docket no. 165-4); Plas.' Resp. at 4 & n.5 (docket no. 164); see also Schaum Decl. at ¶ 11 (docket no. 165). In November 2017, Shengtian was sold to Ms. Zhu's third cousin (Zhen Zhu) and her daughter (Danqing Jiang), who reside in the Fujian province of China. J. Lin Dep. at 103:8-13, 105:14-19, 128:13-129:2 (docket no. 165-4); Zhu Dep. at 33:4-14, 35:19-39:18, Ex. 28 to Schaum Decl. (docket no. 165-28); see Peng Dep. at 30:8-12, Ex. 8 to Schaum Decl. (docket no. 155-8); Def's Resp. to Interrog. No. 15 (docket no. 126-3). The Fujian province is more than 370 miles from Shanghai, which is where Shengtian's business license⁴ and its foreign trade operator registration form (or export license) indicate the company is located. See Exs. B & C to Wei Decl. (docket no. 93).

The export license names as Shengtian's "legal representative" none other than "Lin Chao" (or Kevin Lin), one of Jinrong's three shareholders. Ex. C to Wei Decl.

⁴ Shengtian's business license sets forth an address of Room 303-9, Building 33, No. 680 Guiping Road, Xuhui District, Shanghai. See Ex. B to Wei Decl. (docket no. 93). Jinrong's business license shows a similar address: Room 303-8, Building 33, No. 680 Guiping Road, Xuhui District, Shanghai. See Ex. A to Wei Decl. (docket no. 93). This information seems consistent with Jinrong's admission that it and Shengtian have registered offices in the same building. Resp. to Request for Admission No. 2 (docket no. 126-3). Jie Peng, who is listed on Shengtian's business license as its "legal representative," see Ex. B to Wei Decl. (docket no. 93), testified that Shengtian has never had a location that was not on Guiping Road. Peng Dep. at 27:15-17 & 30:3-5 (docket no. 155-8). An investigator hired by MacNeil, however, visited Building 33, No. 680 Guiping Road in the Xuhui District of Shanghai and found no rooms numbered 303-8 or 303-9. Ma Decl. at ¶¶ 3-4 (docket nos. 156 & 167). Moreover, Shengtian was not listed on the building's directory. Id. at ¶ 5 & Ex. C. The investigator also looked (unsuccessfully) for Shengtian on the twentieth floor of Building B, Caohejing International Business Center, No. 31 Guiping Road in Shanghai, which was an alternative address provided by Mr. Peng. Id. at ¶ 6; see Peng Dep. at 25:18-26:24 (docket no. 155-8).

(docket no. 93). The export license lists two addresses, one on Guiping Road, see supra note 4, and one on Bao'an Highway. Ex. C to Wei Decl. (docket no. 93). The latter address (No. 58, Lane 2400, Bao'an (BaoAn) Highway (or Road), Jiading (or Baoshan) District, Shanghai) also appears on a purchase order, three invoices, a bill of lading, and an air shipment form attached to the declaration of Jinrong's project manager, Wei Wei. See Exs. D, G, J, K, L, & Q to Wei Decl. (docket no. 93). MacNeil's investigator found Shengtian at this approximately 1.6-acre facility. See Ma Decl. at ¶ 8 (docket nos. 156 & 167). What the investigator further discovered is that Jinrong is also at this location. Id. at ¶¶ 9-10 & Exs. G & H. A security guard indicated to the investigator that Jinrong and Shengtian "are the same company and owned by the same person." Id. at ¶ 11.⁵ Given the "justifiable inferences" that may be drawn from the significant distance between

⁵ Jinrong's motion, see Reply at 11 nn.8 & 9 (docket no. 177), to strike Paragraphs 5, 6, and 11 of MacNeil's investigator's twice-filed declaration, docket nos. 156 & 167, is GRANTED in part and DENIED in part. The investigator's statements in Paragraphs 5 and 6 concerning what an unidentified "delivery person" said about whether Shengtian had offices in the buildings on Guiping Road are STRICKEN as hearsay. See Fed. R. Evid. 802. Jinrong's motion to strike is otherwise DENIED. Staff of the companies managing the buildings on Guiping Road would have the requisite personal knowledge to testify about whether Shengtian was located on the premises, and to the extent required, MacNeil could presumably produce the appropriate witnesses to testify at trial or by perpetuation deposition. Similarly, the security guard at the site on Bao'an Highway would have personal knowledge regarding which companies occupy the facility, and MacNeil could likely identify him from the photograph taken by the investigator and arrange for his testimony to be provided in an admissible form. See Fed. R. Civ. P. 56(c)(4). In an attempt to refute the security guard's statement, Jinrong explains that the signage for Shengtian located at Jinrong's front gate exists merely "to facilitate pick-up of Shengtian's goods manufactured by Jinrong." Reply at 12 (docket no. 177) (citing Wei Decl. at ¶ 2 (docket no. 178)). This assertion is inconsistent with Shengtian's export license, which identifies the Bao'an Highway facility as Shengtian's "[p]lace of business" and "[b]usiness premises," as well as with the purchase order, invoices, bill of lading, and air shipment form previously submitted by Jinrong. See Exs. C, D, G, J, K, L, & Q to Wei Decl. (docket no. 93). Moreover, Mr. Wei's declaration on the subject does not trump the contradictory evidence or justifiable inferences, but rather just demonstrates a factual issue for trial.

Ms. Zhu's relatives' home and the area where Shengtian and Jinrong are apparently co-located, as well as Kevin Lin's designation as Shengtian's "legal representative," MacNeil has raised triable issues concerning whether Jinrong and/or one or more of its shareholders operates Shengtian or uses Shengtian as an alter ego.

MacNeil has also presented evidence that, contrary to Jinrong's representations, Kevin Lin and his father interacted directly with employees of Titanium, a California-based entity, before Titanium began selling vehicle floor mats manufactured by Jinrong. According to Bin Xiao and Tony Chiu, who worked for Titanium, they met Kevin Lin at a trade show in Las Vegas in 2017.⁶ Xiao Dep. at 23:25-24:8, 35:9-36:3, Ex. 25 to Schaum Decl. (docket no. 165-25); Chiu Dep. at 9:12-17, Ex. 26 to Schaum Decl. (docket no. 165-26); see also Zhu Dep. at 21:14-20 & 23:21-24 (docket no. 165-28). Mr. Xiao has testified that, at the trade show, they discussed with Kevin Lin possibly selling the liner that Jinrong had developed. Xiao Dep. at 35:19-36:3 (docket no. 165-25). Shortly thereafter, Mr. Chiu got the idea to use the trademark PERFIT LINER, and an application to register the trademark was filed with the United States Patent and Trademark Office ("PTO"), listing as owners Bin Xiao, Tony Chiu, Chao (Kevin) Lin, and Jinguo Lin.⁷ See

⁶ Jinrong participated in the Specialty Equipment Market Association ("SEMA") trade show in 2015, 2016, and 2018, and the Automotive Aftermarket Products Expo ("AAPEX") trade show in 2017; both trade shows are held annually, around Halloween time, in Las Vegas, Nevada. See Schaum Decl. at ¶¶ 2, 14, & 15 and Exs. 2, 3, 11, & 12 (docket nos. 165, 165-2, 165-3, 165-11, & 165-12). The Court draws no inference from Jinrong's presence at these trade shows; whether Jinrong exhibited the accused products and what communications Jinrong had with others during the trade shows are not reflected in the record. Jinrong's related motion to strike, see Reply at 7 n.4 (docket no. 177), is therefore DENIED as moot.

⁷ The application ripened into U.S. Registration No. 5,613,505, which was issued by the PTO on November 20, 2018. See Ex. A to Schaum Decl. (docket no. 97-1). During the application process, emails were circulated among Messrs. Xiao and Chiu, Kevin Lin, and the attorney

1 Xiao Dep. at 56:4-58:13, Ex. 4 to Schaum Decl. (docket no. 137-4). In December 2017,
 2 Messrs. Xiao and Chiu traveled to China, toured Jinrong's factory in Shanghai, and met
 3 with both Kevin Lin and his father Jinguo Lin. *Id.* at 65:5-68:12. Messrs. Xiao and Chiu
 4 formed Perfit Liner Inc., which bought vehicle floor mats from Jinrong and sold them to
 5 Titanium for distribution through its Amazon account. *Id.* at 20:24-21:16, 59:19-60:11,
 6 & 104:21-105:10; see also Exs. J & K to Wei Decl. (docket no. 93) (attaching invoices to
 7 Perfit Liner Inc. from Shengtian dated Feb. 1, 2018, and Mar. 23, 2018); Chiu Dep. at
 8 50:10-17, Ex. 5 to Schaum Decl. (docket no. 137-5) (when asked about Shengtian,
 9 Mr. Chiu indicated, "to us it's – Jinrong, you know, that's all we order from"). MacNeil
 10 has identified genuine disputes of material fact concerning whether Jinrong took any
 11 affirmative acts, either within or outside of the United States, that induced Perfit Liner
 12 Inc. and/or Titanium to engage in direct infringement of the patents-in-suit.⁸

14 handling the matter. See Ex. 1 to Schaum Decl. (docket no. 126-1). In one of these emails, all
 15 four applicants were listed for the attorney, and in another email, Jinguo Lin's nationality was
 16 provided. *Id.* These emails, dated between December 12 and 21, 2017, were "cc'd" to Kevin
 17 Lin at the following address: linchao@jinronggroup.cn. *Id.* Kevin Lin has denied seeing these
 18 particular messages or authorizing a trademark application in his or his father's name. See Lin
 19 Decl. at ¶¶ 3-4 (docket no. 140). Mr. Lin has indicated that he does not use email, and that his
 assistant monitors his account and responds on his behalf. *Id.* at ¶ 3. Mr. Lin has not, however,
 suggested that the emails concerning the PERFIT LINER trademark application were sent to an
 invalid address; indeed, about six months later, in June 2018, Mr. Xiao received an email from
 linchao@jinronggroup.cn, in response to his message on a different topic. See Ex. 2 to Schaum
 Decl. (docket no. 126-2).

20 ⁸ Jinrong appears to argue that a settlement reached among MacNeil, Perfit Liner Inc., and
 21 Titanium renders immaterial the factual questions regarding whether Kevin Lin and his father
 22 had direct interactions with U.S. distributors. See Supp. Br. at 6-7 (docket no. 141). Jinrong
 23 relies on jurisprudence barring MacNeil from "double dipping" or collecting additional damages
 related to infringement for which it has been compensated. *Id.* MacNeil, however, does not
 offer this evidence for the purpose of obtaining from Jinrong more royalties relating to the
 PERFIT LINER products, see Pls.' Resp. at 15 n.12 (docket no. 164), but rather to cast doubt on
 Jinrong's denial of direct business dealings with U.S. distributors. The testimony presented by

1 In June 2018, after WeatherTech began ordering PERFIT LINER products from
 2 Amazon, Messrs. Xiao and Chiu grew concerned about possible patent infringement
 3 issues, see Chiu Dep. at 43:17-44:14 (docket no. 137-5), and Mr. Xiao sent the following
 4 email to Kevin Lin:

5 Per what we discussed over the phone, the attached is the sales statement for
 6 the mats for the last 30 days. . . .

7 Please consider the several solutions discussed over the phone since we are
 8 facing the weathertech [sic] issue now. As for the sales, we will suspend for
 9 a week. Once you give me the update this week, we will then discuss.

10 Ex. 2 to Schaum Decl. (docket no. 126-2).⁹ Roughly nine minutes later, Kevin Lin
 11 replied simply, “Received.” Id. The Court concludes that MacNeil has raised questions
 12 of fact concerning whether Jinrong knowingly¹⁰ induced direct infringement of the
 13 patents-in-suit by third parties.

14 MacNeil has put at issue the credibility of Jinrong’s shareholders and other witnesses, which
 15 must be evaluated by the trier of fact.

16 ⁹ Whether this correspondence occurred in English or Chinese (Mandarin) is unclear. Compare
 17 Ex. 2 to Schaum Decl. (docket no. 126-2) (in English) with Ex. D to Schaum Decl. (docket
 no. 149-4 at 26) (in Chinese). To the extent the original communication was in Chinese, the
 English version is not a certified translation; however, the reference to WeatherTech appears in
 English (i.e., in Roman or Latin letters) in both copies.

18 ¹⁰ According to Wei Wei, Jinrong was not aware of the patents-in-suit until after this litigation
 19 commenced in April 2019. See Wei Decl. at ¶ 27 (docket no. 93). Kevin Lin, however, knew
 20 about a related patent, namely U.S. Patent No. 7,316,847 (the “’847 Patent”), on or before
 21 June 23, 2016, having cited it in an application for a Chinese patent. See Ex. B to Schaum Decl.
 22 (docket no. 97-2 at 11 & 24). Both of the patents-in-suit stem from continuations of applications
 23 that were divisions of the application that ripened into the ’847 Patent. See Exs. 1 & 2 to Am.
 Compl. (docket no. 33-1). Moreover, according to Tony Chiu, when asked in June 2018 about
 whether Jinrong had any patent problems, Kevin Lin indicated that “they discussed . . . with the
 US attorney already,” and “[t]wo say no problem, one, maybe, up and down,” but “they are very
 confident, they got no problem with patent.” Chiu Dep. at 44:5-25 (docket no. 137-5). This
 evidence suggests that, by June 2018, at the latest, Jinrong was on notice (and had actually
 consulted with a lawyer) about patent infringement issues. On November 12, 2018, Shengtian
 entered into an agreement with Hong Kong Yintatech Networks Co., Ltd., an affiliate of Yita

2. MacNeil's Motion for Sanctions

The decision to sanction a litigant is not unique to patent law, and thus, regional circuit law applies. *See United Constr. Prods., Inc. v. Tile Tech, Inc.*, 843 F.3d 1363, 1367-68 (Fed. Cir. 2016). The Court has both rule-based and inherent authority to impose sanctions for litigation misconduct. *See Fink v. Gomez*, 239 F.3d 989, 991 (9th Cir. 2001).¹¹ MacNeil seeks sanctions under both Federal Rule of Civil Procedure 37 and the Court's inherent authority.

a. Rule 37

Rule 37 authorizes sanctions for (i) failure to comply with a court order regarding a deposition or directing a party to provide or permit discovery, (ii) failure to disclose information or identify a witness and supplement as required by Rules 26(a) or 26(e), (iii) failure to admit matters later proven true, (iv) failure by a party to attend its own deposition, serve answers to interrogatories, or respond to a request for inspection, (v) failure to preserve electronically stored information, and/or (vi) failure by a party or its attorney to participate in good faith in framing a discovery plan. *See* Fed. R. Civ.

LLC. *See* Schaum Decl. at ¶ 29 (docket no. 165); *see also* Def.'s Reply at 7 (docket no. 177) (erroneously citing Ex. A to Wei Decl. (docket no. 138 at 9-21), which is, according to Mr. Wei, an employment agreement with He Li, and not the distribution agreement referenced in the Reply). Vehicle floor mats branded as OEDRO and YITA MOTOR account for 95% of the accused products. Wei Decl. at ¶ 2 (docket no. 119). Given the timing of events, MacNeil speculates that Jinrong and Yita LLC decided to partner with each other as a result of the SEMA trade show held October 30 through November 1, 2018. Whether MacNeil can prove this hypothesis remains to be seen, but for now, the Court concludes that what Jinrong knew and when constitute factual issues precluding summary judgment.

¹¹ In *Fink*, the Ninth Circuit cited Federal Rule of Civil Procedure 11 and 28 U.S.C. § 1927 as sources of a court's authority to sanction parties and/or their lawyers. *See Fink*, 239 F.3d at 991. Although MacNeil has referenced *Fink* in its motion for sanctions, MacNeil does not rely on either Rule 11 or 28 U.S.C. § 1927.

P. 37(b)–(f). MacNeil’s motion does not make entirely clear which, if any, of these grounds for sanctions applies. In its motion, MacNeil mentions Rules 37(c)(1) (failure to disclose or supplement) and 37(c)(2) (failure to admit), but it does not thereafter specify exactly what Jinrong failed to disclose or admit. *See* Mot. at 7 (docket no. 125). In its reply, MacNeil for the first time references Rule 37(b)(2) (failure to comply with a discovery order) and alludes to the spoliation of certain evidence, namely Alibaba.com account materials, sanctions for which would be governed by Rule 37(e).¹² Reply at 1-2 (docket no. 182).

¹² The Court is not persuaded that the Alibaba.com evidence has been “lost” and “cannot be restored or replaced through additional discovery.” Fed. R. Civ. P. 37(e). Jinrong has stated that the Alibaba.com listings at issue (which display Jinrong’s name in connection with depictions and prices of floor mats for various U.S. vehicles, *see* Ex. 3 to Am. Compl. (docket no. 33-1)) were created in December 2017 by He (“Holly”) Li, then an employee of Shengtian. Resp. to Interrog. No. 3, Ex. 3 to Schaum Decl. (docket no. 126-3). Ms. Li’s employment began in May 2016 and ended in June 2020. *Id.*; *see also* Wei Decl. at ¶ 5 & Exs. A & B (no English translation provided) (docket no. 138). The Alibaba.com account is now allegedly “locked” and cannot be accessed by Shengtian or Jinrong. Supp. Resp. to Interrog. No. 3 (docket no. 126-3). Mr. Wei represents that he, on behalf of Jinrong, sent an email to Shengtian on March 14, 2021, demanding assistance in restoring access to the Alibaba.com account. Wei Decl. at ¶ 16 & Ex. C (docket no. 138). Interestingly, this email was “cc’d” to Kevin Lin at linchao@jinronggroup.cn, the address that Mr. Lin claims not to monitor. *See id.* at Ex. C; *see supra* note 7. Mr. Wei also indicates that he has attempted to connect with Holly Li, but to no avail. *See id.* at ¶ 17 & Ex. D (email and text messages for which no English translation has been provided). MacNeil asserts that Jinrong’s efforts are inadequate. The Court agrees, but the record does not support a conclusion that the information in the Alibaba.com account has been destroyed; rather, Jinrong simply denies having the requisite password or other security credentials to gain access to the account. Given that the account is in Jinrong’s name (*see* Ex. 3 to Am. Compl. (docket no. 33-1) (showing a webpage address beginning with “https://jinronggroup.en.alibaba.com”)), Jinrong could presumably seek help from Alibaba.com to regain access. The Minute Order entered March 10, 2021, docket no. 120, made clear that the Court expected Jinrong to do so. *See* Minute Order at ¶ 1(h) (“If access cannot be restored by April 15, 2021, then Jinrong and its attorney shall file declarations under oath concerning the efforts made and *the responses received from Alibaba.com’s webmaster or other personnel.*” (emphasis added)). If Jinrong persists in failing to engage in the requisite good faith efforts to produce the requested Alibaba.com records, the Court will consider appropriate sanctions, including, but not limited to, an adverse-inference jury instruction.

1 In a surreply, Jinrong moves to strike arguments not raised in, and evidence not
2 presented contemporaneously with, MacNeil's motion for sanctions. See Surreply at 1-2
3 (docket no. 184). Jinrong further contends that, in seeking sanctions pursuant to
4 Rule 37(b)(2), MacNeil cannot rely on the Court's Minute Order entered on March 10,
5 2021, docket no. 120, because the deadlines set forth therein for complying with certain
6 discovery requests had not yet expired when MacNeil filed its motion for sanctions.
7 Jinrong's motion to strike, docket no. 184, is GRANTED in part as to MacNeil's request
8 for sanctions based on failure to comply with a discovery order and/or spoliation of
9 evidence. Jinrong's motion to strike is otherwise DENIED.

10 **b. Inherent Authority**

11 Although MacNeil touched upon Rule 37 standards in its motion for sanctions,
12 MacNeil principally invokes the Court's inherent authority. Earlier this year, the Ninth
13 Circuit provided a primer concerning the framework for imposing inherent-authority-
14 based sanctions. See Am. Unites for Kids v. Rousseau, 985 F.3d 1075, 1088-90
15 (9th Cir. 2021). In doing so, the Ninth Circuit cautioned that, "[b]ecause of their very
16 potency, inherent powers must be exercised with restraint and discretion." Id. at 1088
17 (quoting Chambers v. NASCO, Inc., 501 U.S. 32, 44 (1991)). Individuals subject to
18 sanctions are afforded procedural protections, which vary depending on the violation and
19 the type and magnitude of the sanction. Id. at 1088-89. When only civil-type procedures
20 are used, the sanctions "may go no further than to redress the wronged party 'for losses
21 sustained' and may not impose any additional consequence as punishment for the
22 sanctioned party's misbehavior." Id. at 1089. To penalize or punish litigation
23 misconduct, the Court must offer criminal-type guarantees, including application of a

1 “beyond a reasonable doubt” standard of proof, a jury trial, the assistance of counsel, a
2 presumption of innocence, and the privilege against self-incrimination. *Id.* (citing *inter*
3 *alia* *Goodyear Tire & Rubber Co. v. Haeger*, 137 S. Ct. 1178, 1186 (2017)).

4 MacNeil has not suggested that the Court apply the level of formality necessary to
5 dispense punitive remedies, and thus, the Court will consider only compensatory
6 sanctions, which must be “‘calibrated to the damages caused’ by the sanctionable conduct
7 on which [they are] based.” *Id.* The Court must be governed by the “but for” standard,
8 inquiring whether any harm warranting compensatory relief would have arisen had the
9 sanctionable misbehavior not occurred. *See id.* at 1089-90. Moreover, to impose
10 sanctions pursuant to its inherent authority, the Court must find either a willful violation
11 of a court order or bad faith. *Id.* at 1090. Willfulness does not require proof of intent or
12 improper motive; rather, the Court must merely conclude that the sanctioned party acted
13 deliberately. *Id.* Bad faith, on the other hand, means conduct done “vexatiously,
14 wantonly, or for oppressive reasons,” with bad intent or for improper purpose. *Id.* For
15 the reasons discussed earlier, MacNeil cannot establish that Jinrong engaged in a willful
16 violation of a court order, and thus, to show that sanctions are warranted, MacNeil must
17 prove Jinrong acted in bad faith.

18 **i. Request for Default Judgment**

19 In asking for default judgment against Jinrong, MacNeil accuses Jinrong of
20 (i) making false representations to the Court about Jinrong’s involvement in the PERFIT
21 LINER trademark application, and (ii) falsely denying knowledge of WeatherTech
22
23

1 products,¹³ which are marked as required by 35 U.S.C. § 287(a) to provide notice of the
2 associated patent or patents. Although MacNeil was entitled to “justifiable inferences”
3 from the evidence for purposes of opposing Jinrong’s summary judgment motion, it is not
4 given the same benefit in seeking sanctions against Jinrong. See In re Crystal Cathedral
5 Ministries, No. 2:12-bk-15665, 2020 WL 1649619, at *32 (Bankr. C.D. Cal. Mar. 31,
6 2020) (“The Ninth Circuit has held that the burden of showing bad faith is on the party
7 claiming bad faith, but it has not decided the standard of proof that applies, i.e., whether a
8 preponderance of the evidence or clear and convincing evidence is sufficient to support a
9 finding of bad faith.”); see also Lahiri v. Universal Music & Video Distrib. Corp., 606
10 F.3d 1216, 1219 (9th Cir. 2010) (declining to address whether the burden of proof for
11 sanctions is “clear and convincing evidence”). Whether Jinrong’s statements were untrue
12 when made (and, if so, interposed in bad faith) involve factual questions, and the Court
13 cannot conclude that MacNeil has met its burden of proof to support related sanctions,
14 regardless of which standard governs.

15 Even if MacNeil had shown the requisite bad faith on the part of Jinrong, the
16 Court would not enter default judgment as a sanction. Before granting dispositive relief
17

18 ¹³ In asserting that Jinrong had actually studied WeatherTech’s vehicle floor mats and therefore
19 had constructive notice of the patents-in-suit, MacNeil relies on a spreadsheet produced by
20 Jinrong in discovery that correlates PERFIT LINER products with WeatherTech item numbers.
21 See Mot. at 5 (docket no. 125) (citing Ex. 4 to Schaum Decl. (docket no. 129-1)). In response,
22 Jinrong contends that this spreadsheet was created by Jack Chiu, the younger brother of Tony
23 Chiu, who worked for Titanium and was a principal of Perfit Liner Inc., and was sent to Holly
Li, an employee of Shengtian. See Resp. at 11-12 (docket no. 150) (citing Ex. I to Walters Decl.
(docket no. 151 at 103)). The spreadsheet, however, contains no identifiers, and the “properties”
of the document, which are cited by Jinrong, indicate only the author, but not the recipient or
recipients of the spreadsheet. Neither side’s evidence sheds light on whether Jinrong participated
in generating or circulating the spreadsheet at issue or knew about it and, if so, when.

as a sanction, the Court must consider the following factors: (i) the public’s interest in expeditious resolution of litigation; (ii) the Court’s need to manage its docket; (iii) the risk of prejudice to the party seeking sanctions; (iv) the public policy favoring disposition of cases on their merits; and (v) the availability of less drastic sanctions. *United Constr.*, 843 F.3d at 1368 (citing *Malone v. U.S. Postal Serv.*, 833 F.2d 128, 130 (9th Cir. 1987)); *see also Henry v. Gill Indus., Inc.*, 983 F.2d 943, 948 (9th Cir. 1993). The Court is not persuaded that any of the applicable factors weigh in favor of the harsh remedy sought by MacNeil.¹⁴

ii. Additional Depositions

Based on declarations filed by Hui Lin and Juan Zhu (Kevin Lin’s sister and mother, respectively), MacNeil opted to take their depositions, only to learn that Ms. Lin does not have the knowledge she averred under penalty of perjury,¹⁵ and that Ms. Zhu’s

¹⁴ Jinrong has, on three occasions, sought a stay of this matter while the PTAB decides the validity of the patents-in-suit in light of obviousness challenges. Given Jinrong’s assertion that the allegedly extraterritorial nature of its conduct was dispositive, the Court denied those requests. The notion that Jinrong is entitled to an early exit in this matter having now been rejected, the factors of expeditious resolution and docket management do not play a role in the sanctions analysis because, at this point, the most efficient use of judicial resources is to await the PTAB’s rulings (and the Federal Circuit’s opinion in any appeal). The Court also cannot conclude that MacNeil would be prejudiced unless default judgment is entered. MacNeil IP LLC must defend its patents in the IPRs initiated by Yita LLC regardless of what happens in this case, and a default judgment declaring that Jinrong has infringed the patents-in-suit would be of no use to MacNeil if the patents are declared invalid by the PTAB. Moreover, although Jinrong’s litigation tactics and alleged recalcitrance might have caused delay, they do not appear to have impacted MacNeil’s “ability to go to trial” or interfered with “the rightful decision of the case.” *See Adriana Int’l Corp. v. Thoeren*, 913 F.2d 1406, 1412-13 (9th Cir. 1990). Finally, the public policy favoring disposition of matters on the merits and the availability of less harsh measures tip the scale sharply against imposition of default judgment as a sanction.

¹⁵ On December 16, 2019, Hui Lin represented that she was then employed at Jinrong as the procurement director and had knowledge of Jinrong’s operations; this declaration was filed three separate times in this matter. H. Lin Decl. at ¶ 2 (docket nos. 29-4, 35-4, & 62 at 21-22). When deposed, Ms. Lin denied ever being employed by Jinrong, although she did help her parents book

ability to recall information was suspect.¹⁶ MacNeil was also unsatisfied after deposing Jinrong's co-owner and former general manager, Jinguo Lin, and Jinrong's Rule 30(b)(6) designee, Wei Wei; according to MacNeil, neither of these witnesses appeared to know about Jinrong's manufacturing process or any technical information relating to the accused products. See Mot. at 5-6 (docket no. 148). Having exhausted the ten (10) depositions envisioned by Federal Rule of Civil Procedure 30(a)(2)(A)(i), MacNeil asks the Court to approve two more depositions, namely of Jinrong's Director of Engineering,

hotels for customers. H. Lin Dep. at 13:5-11, 15:6-9, 22:15-19, 23:2-5, Ex. A to Schaum Decl. (docket no. 149-1).

¹⁶ On April 29, 2021, Juan Zhu declared under oath that, "[o]ver the years, including during 2017 through 2019, [she] assisted in running the finances of Jinrong and other companies that are or were majority owned by Jinguo Lin." Zhu Decl. at ¶ 2 (docket no. 146). Ms. Zhu further avowed that, pursuant to an agreement reached between Shengtian's former and current shareholders, any payments for orders placed prior to the sale of the company would be paid to the former shareholders' account. Id. at ¶ 4. She also indicated that an invoice from Shengtian dated August 10, 2018, showing an account number in her name, was consistent with this arrangement. Id. Despite having a majority (60%) share in Jinrong, see J. Lin Dep. at 17:25-18:6, Ex. 4 to Schaum Decl. (docket no. 165-4), when deposed, Ms. Zhu testified that she could not recall how many shares she owned "because [she didn't] care much about it" and that she "was never really part of" or worked for Jinrong, which she considered to be her husband's, and now her son's, company. See Zhu Dep. at 12:9-12, 16:19-17:2, & 25:12-15, Ex. B to Schaum Decl. (docket no. 149-2). During her deposition, in response to an inquiry about whether she had any understanding of the relationship between Jinrong and Shengtian, Ms. Zhu answered, "No." Id. at 17:19-22 (docket no. 149-2); see id. at 16:2-3 ("It is all handled by my husband."). When asked about the agreement referenced in her declaration and its nature, Ms. Zhu replied, "I don't know." Id. at 53:23-54:2. When shown the invoice discussed in her declaration, Ms. Zhu initially stated, "I have never seen this document before," id. at 54:16-18, but after a two-hour break (while her daughter was being deposed) and upon being recalled by Jinrong's attorney, she later indicated that, she had checked with Wei Wei and her husband "[a]t the time," and was informed it was a payment for an order placed before Shengtian was sold, see id. at 55:11-56:15 & 58:5-59:2. The invoice at issue, however, was dated over nine months after Shengtian's management allegedly switched hands.

1 Zhonghuang Yan, who has been the head of the manufacturing department for more than
2 ten years, and of Kevin Lin's assistant, Tong Chen.¹⁷

3 The Court authorizes MacNeil to take these two, as well as another nine,
4 depositions, for a total of eleven more depositions. The Court's ruling is based on both
5 (i) a finding of bad faith on the part of Jinrong in connection with the declaration of Hui
6 Lin, and (ii) the standards set forth in Rules 26(b)(1) and (2), see Fed. R. Civ. P. 30(a)(2).
7 When asked by Jinrong's own attorney why she signed the declaration falsely indicating
8 that she was employed by Jinrong, Ms. Lin explained that she did so because she was in
9 the United States at the time, Kevin Lin had been unable to travel because of his recent
10 name change and the resulting lack of a valid passport, and "the company asked [her] to
11 make these statements on [its] behalf." H. Lin Dep. at 29:13-23, Ex. A to Schaum Decl.
12 (docket no. 149-1). In response to Jinrong's counsel's questions, and over the objections
13 of MacNeil's lawyer, Ms. Lin repeatedly asserted that she "verified" the contents of her
14 declaration with her brother. Id. at 25:23-29:12.

16 ¹⁷ MacNeil wishes to depose Tong Chen in an effort to develop proof of a discovery violation.
17 According to MacNeil, after receiving search terms from Kevin Lin, Ms. Chen found emails
18 between Messrs. Lin and Xiao that were responsive to MacNeil's discovery requests and
19 forwarded them to Wei Wei in January 2021, but Jinrong did not produce the emails until the end
20 of April 2021, after they had already been obtained by MacNeil from Messrs. Xiao and Chiu.
21 See Mot. at 7-8 (docket no. 148). MacNeil accuses Mr. Wei of falsely stating during the interim,
22 on March 3, 2021, that "he had looked for these documents and could not find them." Id. at 8;
23 compare Wei Decl. at ¶ 5 (docket no. 119) ("Jinrong has searched for (including asking
Shengtian for documents) and produced all communications found between Jinrong and
Titanium Autoparts Plus relating to the accused products."). MacNeil also expresses concern
over what additional materials Jinrong has withheld, observing that, with respect to emails to and
from Kevin Lin's address, Jinrong's privilege log lists far more emails than have been produced.
See Mot. at 8 (docket no. 148) (citing Exs. D & E to Schaum Decl. (docket nos. 149-4 & 149-5)).
Neither the veracity of Mr. Wei's declaration nor whether Jinrong has appropriately invoked a
privilege are issues ripe for the Court's review.

1 The Court finds that (i) Hui Lin misrepresented her role at Jinrong, (ii) Ms. Lin
2 falsely stated that she had personal knowledge of the facts set forth in her declaration,
3 (iii) Kevin Lin knew about and in fact solicited the deceit perpetrated by Ms. Lin, and
4 (iv) the actions of Hui Lin and Kevin Lin were done in bad faith, for the improper
5 purpose of securing a dismissal or transfer of venue in this matter on the basis of a
6 declaration that Kevin Lin was, for whatever reason, unable to himself execute. See
7 H. Lin Decl. (docket nos. 29-4 & 35-4) (appended to Jinrong's memoranda in support of
8 its motions to dismiss or transfer venue); H. Lin Decl. (docket no. 62 at 21-22) (appended
9 to Jinrong's motion to transfer venue). The Court further concludes that, had Jinrong not
10 proffered Hui Lin's declaration, which concerns facts that were at issue in Jinrong's
11 motion for summary judgment, MacNeil would not have needed to depose her, and that
12 the appropriately "calibrated" sanction, in addition to not counting Ms. Lin's deposition
13 toward the ten (10) allotted by Rule 30(a)(2)(A)(i), is to award MacNeil the attorney's
14 fees, translator's costs, and other expenses associated with Hui Lin's deposition. Within
15 twenty-one (21) days of the date of this Order, MacNeil shall file a declaration setting
16 forth the amounts at issue. Any objection shall be filed within fourteen (14) days after
17 such declaration is filed. No reply shall be filed unless requested by the Court.

18 One of the eleven additional depositions allowed to MacNeil is a substitute for
19 Hui Lin's deposition; the other ten are intended to give MacNeil a fresh set of depositions
20 permitted by Rule 30(a)(2)(A)(i). Jinrong's argument, in its motion for summary
21 judgment, that the allegedly extraterritorial nature of its activities warranted dispositive
22 relief in its favor was contrary to both its operative pleading and Federal Circuit
23 jurisprudence. Battling Jinrong's meritless motion required MacNeil to spend its entire

1 bank of depositions. Considering the factors set forth in Rules 26(b)(1) and (2),¹⁸ the
2 Court concludes that MacNeil is now entitled to conduct depositions related to the
3 substance of its claims, even though some overlap might exist with respect to the quasi-
4 jurisdictional issues raised in Jinrong's motion for summary judgment.

5 **iii. Other Relief**

6 MacNeil's alternative request that all declarations of, and discovery responses
7 verified by, Wei Wei be stricken is DENIED as both moot and not commensurate with
8 the alleged harm caused by any misrepresentations or inaccuracies in the materials at
9 issue. MacNeil's proposal to require Jinrong to retain, at its sole expense, an independent
10 discovery consultant fluent in Chinese will not be adopted as a sanction against Jinrong,
11 but the Court will consider appointment of a master (the costs of which would be shared
12 equally by the parties) pursuant to Federal Rule of Civil Procedure 53(a)(1)(C). The
13 parties shall meet and confer on the subject and file a Joint Status Report within twenty-
14 one (21) days of this Order reflecting their respective views.

15
16 _____
17 ¹⁸ "Parties may obtain discovery regarding any nonprivileged matter that is relevant to any
18 party's claim or defense and proportional to the needs of the case, considering the importance of
19 the issues at stake in the action, the amount in controversy, the parties' relative access to relevant
20 information, the parties' resources, the importance of the discovery in resolving the issues, and
21 whether the burden or expense of the proposed discovery outweighs its likely benefit." Fed. R.
22 Civ. P. 26(b)(1). Limitations on "the frequency or extent of discovery otherwise allowed" are
23 warranted if the discovery sought is "unreasonably cumulative or duplicative" or "can be
obtained from some other source that is more convenient, less burdensome, or less expensive."
Fed. R. Civ. P. 26(b)(2)(C)(i). Jinrong argues that a deposition of Zhonghuang Yan would be
cumulative of the depositions of Jinguo Lin, Wei Wei, Jie Peng (Shengtian's general manager),
and Heng Lu (Jinrong's engineer in charge of mold technology). Given the limited purpose for
which MacNeil took earlier depositions, namely to respond to Jinrong's essentially premature
motion for summary judgment, the Court is not persuaded that any deposition, let alone that of
Jinrong's manufacturing department head, would be duplicative.

1 **Conclusion**

2 For the foregoing reasons, the Court ORDERS:

3 (1) Jinrong's motion for leave to amend its answer, docket no. 133, is
4 GRANTED, and Jinrong shall electronically file its amended answer within seven (7)
5 days of the date of this Order.

6 (2) Jinrong's motion for summary judgment, docket no. 91, is DENIED. The
7 Court has both subject matter and personal jurisdiction.

8 (3) Jinrong's motion to strike, see Surreply, docket no. 184, arguments not
9 raised in, and evidence not presented contemporaneously with, MacNeil's motion for
10 sanctions, is GRANTED in part and DENIED in part; Jinrong's other motion to strike,
11 see Reply, docket no. 177, is GRANTED in part and DENIED in part, see supra notes 5
12 & 6.

13 (4) MacNeil's motion for sanctions, docket no. 125, is GRANTED in part and
14 DENIED in part. MacNeil shall file a declaration within twenty-one (21) days of the date
15 of this Order concerning the attorney's fees, translator's costs, and other expenses it
16 incurred in connection with the deposition of Hui Lin, which will be awarded against
17 Jinrong as a sanction. The other sanctions requested by MacNeil, including for entry of
18 default judgment and to strike Mr. Wei's declarations and verified discovery responses,
19 are denied.

20 (5) The parties shall meet and confer and file a Joint Status Report within
21 twenty-one (21) days of the date of this Order concerning whether the Court should
22 appoint a Discovery Master fluent in both English and Chinese (Mandarin) pursuant to
23 Federal Rule of Civil Procedure 53.

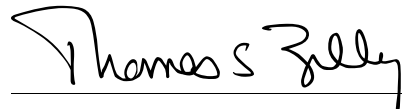
1 (6) MacNeil's motion for leave to take additional depositions, docket no. 148,
2 is GRANTED. MacNeil may take up to eleven (11) more depositions.

3 (7) Claim construction and subsequent dates and deadlines in this matter will
4 not be set until after the IPR proceedings before the PTAB are resolved. The parties may,
5 in the meanwhile, continue to conduct fact discovery. On or before January 31, 2022, the
6 parties shall meet and confer and file a Joint Status Report concerning what discovery has
7 occurred and what, if any, discovery remains to be conducted, as well as whether the
8 PTAB has issued any decisions in the IPR matters and, if not, when it is anticipated to do
9 so.

10 (8) The Clerk is directed to send a copy of this Order to all counsel of record.

11 IT IS SO ORDERED.

12 Dated this 19th day of August, 2021.

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15 Thomas S. Zilly
16 United States District Judge
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